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INTER-REGIONAL TRANSIT CO-ORDINATION

A TTC PERSPECTIVE

INTER-REGIONAL TRANSIT CO-ORDINATION

Based on a review of the recently completed MTC discussion report (Paterson) on Inter-regional Transit Co-ordination, the following summarizes the major inter-regional issues from the TTC's point of view and suggests the preferred type of organization required for the discussion and resolution of these issues.

A. MAJOR INTER-REGIONAL ISSUES

1. Fare Integration - A need for a Common Ticketing System

Fare integration has been raised repeatedly as a major issue in the "Inter-regional Transit Co-ordination Working Paper". As recently as January of 1983, the TTC's Chief General Manager, in a letter to the Deputy Minister of MTC, advocated an early discussion with all appropriate parties to seek a common resolution to this issue. At present, this is more of an operator-generated issue rather than a rider-generated issue. While the operators have raised this item with the good of the passengers in mind, it has not been because we have received a constant barrage of passenger complaints. Rather, looking ahead, it has been realized that inter-regional convenience can be improved through fare integration and that long range planning with respect to fare system equipment and revenue sharing must take place now.

All Metropolitan Toronto Area municipal transit systems have a flat fare zone system while the GO Transit system charges a fare by distance. There have been suggestions that, if the GO fare system is to be fully integrated with the TTC, then the TTC would have to convert to either direct fare by distance or some type of zone fare compatible

with GO. While this is an approach to fare integration, it is a simplistic approach which ignores the lessons learned in the past (when the Metro zone fare system was abandoned) and seeks to complicate the fare system for 90% of the TTC riders for the sake of the 10% who cross regional boundaries.

While the flat fare system in Metro is acknowledged to not be totally fair to the short distance travellers versus the long distance travellers, its benefits far outweigh this disadvantage. The system is simple and easily understood by the rider, encouraging him to use transit more. In fact, conversion to fare by distance in Metro would raise the fares for longer trips and work against Provincial and Metro policy by forcing more suburban travellers to revert to travelling by car. The flat fare system is also simpler and less expensive for the operator who does not have to provide the additional staff and equipment required to vend and collect a more complicated fare package.

A 1983 UITP (International Union of Public Transport) survey report indicated that "in 1961 some two-thirds of respondent operators had graduated fare systems, but by 1981 this had halved with operators moving towards flat or zonal fare systems". The UITP report suggested that this trend was taking place for reasons similar to those outlined above.

The TTC has encouraged the development of a common ticketing system for those inter-regional riders whose trip requires the use of two or more transit systems. A common ticketing system, in which the rider could purchase a single trip ticket for his entire trip from agents on any of the systems, would remove the major inconvenience factor associated with purchasing fares for a trip encompassing the use of more than one transit system. While fine tuning might take place over time, no major change would be required to any of

the individual fare systems. A first step in this direction might be the development of a joint monthly pass.

For the TTC, therefore, fare integration for inter-regional trips implies:

1. A common ticketing system;

2. Continued autonomy for individual systems to set their own fares based on revenue/cost guidelines;

3. No loss of revenues;

4. A co-ordinating forum to discuss and establish a mechanism for the transfer and sharing of costs and revenues between the various transit agencies.

2. Potential Service Duplication and Cross-Boundary Passenger Inconvenience

The TTC has a legislated monopoly on public transit services within the bounds of Metropolitan Toronto. As a result, municipal operators adjacent to Metro have not previously provided any local service within Metro but do operate closed door services over some TTC routes to connect with subway terminals. This type of arrangement can result in some service redundancy with a potential for cost duplications.

A few local passengers may also perceive an inconvenience. Passengers waiting at a stop which is passed by both TTC and Mississauga buses cannot board the Mississauga bus for local service within Metro in either direction.

The Toronto Transit Commission's monopoly on the provision of public transit service within the bounds of Metropolitan Toronto has been legislated for a very valid reason - to ensure that destructive competition from other public or private transit services does not fragment the passenger concentrations required in order for any public transit service to remain economically viable within its revenue/cost targets. Public transit can only be provided on those routes with sufficient passenger densities to generate adequate revenues. Within Metro, a few routes with very high volumes generate more revenues than expenses, while the majority are the reverse. When averaged across the system, revenues total approximately 68% of costs with the Metro and Provincial governments contributing the remaining 32% in the form of subsidies. Without the "monopoly" protection, it would be quite tempting for a private operator to provide separate transit services on the higher volume routes with the result that the TTC's revenues would fall, government subsidies would rise and overall service levels would decline.

Notwithstanding the strong requirement for this overall monopoly protection, it is recognized that the potential for service duplication, passenger inconvenience and operator inefficiencies can exist on either municipal cross-boundary routes near the borders of the municipalities or with GO Transit routes which penetrate further into Metro. While the magnitude of these problems in terms of numbers or dollars is not large at present, it will grow over time with cross-boundary ridership increases.

The solution to this issue is not difficult but, from the TTC's perspective, requires:

1. A co-ordinating forum to discuss overall policy and to resolve particular cases of inefficient cross-boundary duplication;

2. A mechanism for cost and revenue sharing on those cross-boundary routes where a foreign operator may provide local service on behalf of the resident operator.

3. System and Strategic Planning

The Toronto Transit Commission now carries over 400 million passengers per year (second only to New York City in North America), has a system of fully integrated subway, bus, streetcar and trolley routes, operates at one of the highest revenue to cost ratios of all public transit systems, and is the envy throughout the world as a model of efficiency, cleanliness, safety, and service. The successes of this system have not been attained without considerable fore-thought and long range planning through the years.

This process has become more formalized in recent years and has resulted in "Transit in the 80's: A New Direction" in 1979 and the TTC's recent "Long Range Plan". Both of these reports discuss strategic issues related to the future policies and directions of the TTC including the impact of passengers and other transit services coming into Metro.

Nevertheless, in the past, the separate operators/ municipalities have tended to plan their individual systems without sufficient dialogue and co-ordination concerning area-wide implications and impacts on adjacent systems.

Ninety-five percent of the transit riders in the greater Metropolitan Toronto area are carried on the local

transit systems. While the proportion of cross-boundary and inter-regional trips is small, it will grow in the coming years and will require a greater co-ordination between the local and commuter transit operators.

In order to ensure that the needs of the predominantly local riders are met in the future and that the local systems are effectively linked:

1. Each property should develop a long range transit system plan; and,

2. Inter-regional system planning and the co-ordination of adjacent local system development should be discussed under the umbrella of an inter-regional transit co-ordination forum with representation from the operators, planning agencies and the Province.

4. Provincial Subsidy Policy

a) Municipal Subsidy

The present Provincial subsidy policy for municipal transit systems has worked well but requires some modifications if it is to be made more equitable when applied to Metro and the adjacent regions.

The Toronto Transit Commission provides "regional" transit service to the area municipalities within Metro with considerable subsidy contributed by the local taxpayer. The provision of this "regional" transit system has allowed for a much higher level of integration and co-ordination of transit services than would have been possible with separate area municipal transit systems.

At the present time, there is no incentive for the regions outside Metro to establish regional transit authorities similar to that of the TTC, but on a smaller scale. In fact, there are two major disincentives.

First, as the Paterson report points out, present subsidy policies, based on population size, could result in a reduction in total transit subsidies if separate municipal transit organizations were merged into regional transit systems.

Secondly, GO Transit has been providing some of the regional transit needs in the regional municipalities outside of Metro at no cost to the local taxpayer in those municipalities. Not only is this a disincentive to the formation of other regional transit systems, but it also results in the unfair situation where Metro taxpayers have to finance "regional" services within Metro while residents outside of Metro receive their regional services "free".

In addition, with respect to equitable Provincial subsidy policy, it can be arguably suggested that the need for additional rapid transit investment in Metro is, in large part, due to the growth in ridership from <u>outside Metro</u>, while the 25% municipal capital subsidy required for those new facilities is paid totally by <u>Metro</u> taxpayers.

As a final point, the Province provides 100% subsidy for the provision of any cross-boundary services into adjacent municipalities. While this has been a satisfactory stop gap measure, it has not encouraged any rationalization of these services. Discussions should be held to determine the most appropriate way to provide these services and to share the costs and revenues.

The TTC believes that:

1. Provincial subsidy policy should be reconsidered to ensure that municipal subsidy for "regional" services is being provided on a fair and equitable basis and that there is no disincentive to the formation of other regional transit authorities.

2. The formation of other regional transit organizations in the greater Metropolitan Toronto Area would ease the complications of co-ordinating inter-regional transit;

b) Different Financial Controls - GO Transit Versus Municipal Operators

The municipal transit operators make decisions concerning the running of their systems under markedly different financial restraints and controls from those of GO Transit. The municipal operators have a fixed "bottom-line" revenue/cost target (albeit a different one for different sized municipalities) which forces a quasi private business type of atmosphere upon the day to day financial decisions and the annual budgeting process. There is a very strong incentive to investigate every avenue for operating cost reductions, while at the same time, trying to minimize fare increases and keep ridership high.

GO Transit on the other hand, is perceived by the municipal operators to be operating under a completely different and looser set of rules which allows them (in conjunction with MTC) to make decisions which would not be considered by the municipalities because of the negative effect on revenue/cost targets. In GO Transit's case, 100% subsidies are available whether revenue/cost guidelines are met or not.

For example:

- Free commuter parking is provided by GO Transit as an incentive to additional ridership. The TTC requires the users of its commuter lots to at least pay for the cost of operating those lots.

- GO Transit, through its fare integration program with other municipalities, can subsidize the revenues lost by the municipalities with no apparent concern for a bottom line revenue/cost.

- Commuter rail loading standards provide a high degree of comfort and space per passenger at a very high capital and operating cost. If the TTC subway were operated at similar standards, we would require over twice as many cars and operators as we now have. While it is acknowledged that commuter rail is serving a different market and longer distance travellers, travel time for many TTC trips is just as long as many GO trips. Under different financial constraints, we treat our customers differently.

If GO Transit were allowed to be more independent of MTC and operating under financial controls or guidelines similar to those of municipal operators, then:

- MTC would be seen as a more unbiased mediator on inter-regional transit co-ordination issues;

- With a defined "bottom line" target, GO Transit would be less susceptible to outside influences concerning fares or costly service increases;

- Any special subsidy programs for ridership incentive (e.g. free parking) or as an encouragement to

better inter-regional integration could be applied fairly to all operators.

B. NEED FOR A CO-ORDINATING BODY - A PREFERRED ORGANIZATIONAL APPROACH

While there are many other inter-regional issues, the foregoing are the major issues from the TTC's perspective. We are confident they can be resolved - but the essential ingredient to that resolution is an appropriate co-ordinating forum or body to discuss and make decisions on these multi-lateral items. The issues raised here and in the Paterson report serve mainly to highlight this need.

In deliberating on these issues and deciding upon the appropriate co-ordinating forum, we should be guided by the following:

1. The TTC is acknowledged to be running well and is serving the needs of over 400 million passengers a year. We must ensure that in making changes to simplify or make transit more convenient for the minority of inter-regional riders, we do not make the system more complex or inconvenient for the much larger number of "local" TTC riders.

2. No "crisis" type inter-regional problems exist which would call for immediate drastic action. The links between systems in the greater Metropolitan Toronto Area must be fine-tuned rather than revolutionized.

3. Local autonomy and decision-making must be maintained with the Provincial or inter-regional viewpoint providing input to an overall perspective rather than dominating that perspective.

In order to co-ordinate the discussion and resolution of inter-regional transit issues, someone has to take on the role of co-ordinator. It would seem to be obvious that the MTC, which provides both inter-regional and municipal transit subsidies, would be the most appropriate agency to fulfill this role.

We would see MTC as a facilitator of inter-regional co-ordination, but not as a staff group which actually carries out the work and study involved in resolving the various inter-regional co-ordination issues.

In the Paterson report, the "MTC Co-ordination" option suggests that there would be a separate organization set up within MTC with responsibility for inter-regional transit co-ordination. The role that municipal transit operators and planners would play is not defined. While the evaluation of this alternative describes this as the "least-change alternative", we would suggest that it would result in a very large and fundamental change with:

1. MTC playing an even larger role in municipal planning than it does at present;

2. A naturally predominant "provincial" viewpoint on many inter-regional issues (not for any devious reasons, but simply because they are too far removed from local needs and desires);

3. A large reduction in municipal autonomy with respect to major transit policy issues.

There is a need for a representative group of transit operators, municipal planners and MTC to sit down and collectively recommend the appropriate resolution to whatever inter-regional issues arise. MTC has to be the catalyst to

make this happen, but their viewpoint would be only one of many around the table.

This inter-regional group should be formalized and could be called a "federation", "transit union" or "co-operative". However, it would appear, at least at this point in time, that there would be no need to go to the degree of formalization implied in the description of "federation" in the Paterson report which suggested the possibility of a new and separate political board of directors such as the GO Transit board.

When it comes to contentious decisions on inter-regional transit issues which might effect municipal funding, levels of service, or autonomy, it is doubtful that any commission or council would give a political representative carte blanche to speak for the council on all inter-regional transit issues. A political board of directors would not only become cumbersome, but also redundant since most contentious decisions would have to be referred back to municipal councils or transit commissions for ratification.

We would recommend, therefore, that:

1. A technical federation of senior representatives of transit operators and municipal planners, as appropriate, be formalized under the chairmanship of MTC to recommend solutions to all inter-regional transit co-ordination issues in the greater Metropolitan Toronto Area;

2. Representation by agency on this "co-operative" would, as much as possible, be in proportion to their share of ridership in the greater Metropolitan area;

3. Ad hoc or permanent working groups made up of staff representatives from the appropriate agencies be set up by the "co-operative" to study and recommend solutions to the various inter-regional co-ordination problems concentrating at first on the major issues identified earlier in this report.